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**THE EQUITABLE LIFE**  
**INSURANCE COMPANY OF CANADA**

Head Office - Waterloo, Ontario



**ANNUAL REPORT**  
**for the Year 1965**

## DIRECTORS

M. J. SMITH, President

W. J. McGIBBON, Q.C.  
1st Vice-President

C. N. WEBER  
2nd Vice-President

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H. D. GREB	-	-	-	-	Kitchener
J. G. HAGEY, LL.D.	-	-	-	-	Kitchener
P. R. HILBORN	-	-	-	-	Preston
H. S. MORTON, O.B.E., F.R.C.S.	-	-	-	-	Montreal
J. E. MOTZ	-	-	-	-	Kitchener
H. E. POWER, F.C.I.S.	-	-	-	-	Waterloo
J. M. RIDDELL, Q.C.	-	-	-	-	Stratford
J. W. SCOTT	-	-	-	-	Kitchener
W. H. TIMMIS	-	-	-	-	Waterloo

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## OFFICERS

H. E. POWER, F.C.I.S., Managing Director

### ACTUARIAL

T. R. SUTTIE, F.I.A., F.C.I.A.  
Assistant General Manager and Actuary

H. I. McINTOSH, F.S.A., F.C.I.A.  
Associate Actuary

### AGENCY

D. L. MacLEOD  
Director of Agencies

R. A. HOOPER  
Asst. Supt. of Agencies (Group)

D. M. LILLYCROP, C.L.U.  
Manager of Field Training

H. J. ROSE  
Asst. Supt. of Agencies

D. G. SEEBACH, F.L.M.I.  
Asst. Supt. of Agencies  
(Administrative)

### COMPTROLLER

R. A. SAUNDERS, F.S.A., F.C.I.A.  
Comptroller

D. C. RAMSAY, F.L.M.I.  
Assistant Comptroller

### INVESTMENT

G. R. BLAKE, F.L.M.I.  
Treasurer

L. J. HAMEL, F.L.M.I.  
Mortgage Secretary

R. NOBLE, A.A.C.I.  
Asst. Treasurer (Mortgages)

### SECRETARIAL

W. H. WAHL, F.C.I.S.  
Secretary

N. W. PARKER  
Assistant Secretary

W. H. PUGH, F.L.M.I.  
Assistant Secretary

CLARKSON, GORDON & CO.  
Auditors

McGIBBON, HARPER & HANEY  
Solicitors

P. G. SCHWAGER, M.D.  
Medical Director



## TWO YEAR RECORD

	1965	1964
Assets . . . . .	\$ 55,128,651	\$ 51,409,909
Insurance and Annuity Reserves . . . . .	44,786,948	41,762,417
Premium Income . . . . .	7,142,023	6,250,340
Investment Income . . . . .	2,964,582	2,702,456
Total Income . . . . .	10,292,330	9,092,289
Payments to Policyholders and Beneficiaries . . . . .	4,351,154	3,801,874
Investment Reserve . . . . .	1,200,000	1,000,000
Unassigned Surplus . . . . .	2,680,589	2,343,640
New Business * . . . . .	52,745,289	48,221,039
Business in Force * . . . . .	628,060,367	500,372,585

\* Includes Annuities and Group. \$1,200 is counted as the insurance equivalent for each \$100 of annual annuity payable.

Dividends paid policyholders in 1965 amounted to \$709,975 — up from \$641,432 paid in 1964.

Provision has been made in the liabilities for 1966 dividend payments of \$835,000.

**The Equitable Is a Mutual Company**

## **DIRECTORS' REPORT**

Waterloo, February 7, 1966

### **To the Policyholders of The Equitable Life Insurance Company of Canada**

Your Directors have pleasure in submitting the Annual Statement and Reports of the affairs of your Company for the year ended December 31, 1965.

During the year the Company continued its steady growth and established new records in all phases of its business.

**INSURANCE.** New business for the year, including Life, Annuity and Group, amounted at \$52,745,289, compared with \$48,221,039 in 1964. Life insurance on individual lives was \$34,541,893; the 1964 figure was \$33,006,477.

The year's gain in business in force was \$127,687,782, compared with a 1964 gain of \$91,052,426. In each of the last three years the gain in business in force has been greater than the new sales because the gain included increases in existing Group policies not counted in the year's new sale figure.

Business in force at the end of 1965 was \$628,060,367.

**REVENUE.** Total revenues for the year at \$10,292,330 increased by \$1,200,041 over the 1964 amount. The net rate of interest earned on invested assets, after allowance for investment expenses, was 5.88%, compared with 5.76% in 1964.

**DISBURSEMENTS.** Benefits paid policyholders and beneficiaries amounted to \$4,351,154, including policyholder dividends of \$709,975. Additionally \$3,024,531 was reserved to guarantee future policy benefits. Since its organization the Company has paid over \$52,630,005 in benefits to policyholders.

**DIVIDENDS TO POLICYHOLDERS.** Dividends in 1965 were \$709,975, compared with \$641,432 in 1964. To date actual dividends paid by the Company have always equaled or exceeded the scale anticipated when the policies were issued. Current practice has been to make any changes in the scale effective from July 1.

**ASSETS.** The Company's assets of \$55,128,651 are diversified in 4,600 mortgage and security items. The Company owns no foreclosed property or defaulted securities.



**LIABILITIES.** Adequate provision has been made for all liabilities, including statutory policy reserves of \$44,786,948.

**SURPLUS.** Since 1931 the Company has had an unbroken record of surplus increases. In 1965 \$200,000 was added to investment reserves making the total \$1,200,000, and \$336,949 transferred to increase unassigned surplus to \$2,680,589.

**STAFF** In 1964 the Company attained over \$500 millions of business in force, and accelerated its growth in 1965 by passing the \$600 million mark. Though electronic data processing equipment was first installed on a rental basis by the Company in 1960, the growth in business made it desirable to purchase the latest type of equipment, an IBM 360 Model 30, in 1965. This will speed service and minimize costs.

Our Staffs are commended for the results of the year. In our Field and Head Office organization we have an increasing number of National Quality Award winners and holders of the Chartered Life Underwriter designation, and other members who have qualified themselves professionally in life insurance service.

**DIRECTORS.** Mr. F. H. Schneider, a director for 20 years and First Vice-President of the Company, decided on account of continued ill health not to stand for re-election at the Annual Meeting on February 7th. In December Directors accepted his decision with deep regret. Mr. Schneider has had many interests in the community and the Equitable Life was one of these to which he gave unfailing support.

To fill the vacancy the Directors appointed J. G. Hagey, LL.D., to the Board. Dr. Hagey started his career in business, and then became President of Waterloo College. He has been a leading force in the development of the University of Waterloo, of which he is now President and Vice-Chairman.

Mr. W. J. McGibbon, Q.C., was appointed First Vice-President, following the retirement of Mr. Schneider, and Mr. C. N. Weber second Vice-President. Both of these Directors have been members of the Board for many years.

The retiring Directors are: Messrs. H. D. Greb, W. J. McGibbon, Q.C., and J. M. Riddell, Q.C., all of whom along with Dr. Hagey are eligible for re-election for a three year term.

Respectfully submitted,  
M. J. SMITH, President

In the balance sheet and accompanying reports the figures include those for the Health Insurance branch.

## For the Year Ended December 31, 1965

Premiums:

Insurance . . . . .	\$5,762,992	
Annuity . . . . .	905,592	
Health . . . . .	473,439	
	<u>          </u>	\$ 7,142,023
Consideration for Settlement Annuities . . . . .		185,725
Net Investment Income after Investment Expenses . . . . .		2,964,582
	<u>          </u>	<u>          </u>
<b>TOTAL</b>		<b>\$10,292,330</b>

### Policy Payments:

Death and Indemnity Benefits . . . . .	\$1,487,309	
Disability Benefits . . . . .	9,727	
Surrender Values . . . . .	1,074,531	
Matured Endowment Benefits . . . . .	386,604	
Annuity Payments . . . . .	336,927	
Health Insurance Benefits . . . . .	346,081	
Dividends to Policyholders . . . . .	709,975	
	<u>\$4,351,154</u>	
Increase in Reserves for Future Policy Payments . . . . .	3,024,531	
	<u>\$ 7,375,685</u>	

### Provision for Increase in Policyholders'

Dividends Payable in 1966	70,000
Payments under Settlement Options	143,571
Interest on Amounts Left on Deposit	170,890
Taxes, Licenses and Fees	124,100
Commissions and Other Payments to Sales Staff	881,402
Operating Expenses	985,082
Net Adjustment in Asset Values	4,651
Increase in Investment Reserve	200,000
	<u>\$ 9,955,381</u>
Increase in Unassigned Surplus	336,949
<b>TOTAL</b>	<u><b>\$10,292,330</b></u>

**M. J. SMITH, President**

## AUDITO

**To the Policyholders of The Equitable Life Insurance Company of Canada:**

We have examined the balance sheet of The Equitable Life Insurance Company of Canada on that date. Our examination included a general review of the accounting procedures and circumstances; the liability to provide for payments guaranteed under insurance and annuity

Based on our examination and the certificate of the actuary, we report that, in our present fairly the financial position of the Company as at December 31, 1965, and the results of its operations, and the assets of the Company, including the investments, are in accordance with the Security values allowed by the Canadian and British Insurance Companies Act are in

Kitchener, Ontario,  
January 18, 1966



## BALANCE SHEET

As at December 31, 1965

### ASSETS

Bonds . . . . .	\$16,885,080
Stocks . . . . .	528,640
Mortgages and Sale Agreements . . . . .	34,394,775
Real Estate . . . . .	154,618
Loans on Policies . . . . .	2,312,510
Cash on Hand and in Banks . . . . .	152,118
Premiums in Course of Collection . . . . .	223,456
Interest Due and Accrued . . . . .	432,596
Other Assets . . . . .	44,858
<b>TOTAL ASSETS . . . . .</b>	<b>\$55,128,651</b>

### LIABILITIES

Insurance and Annuity Reserves . . . . .	\$44,786,948
Provision for Unpaid and Unreported Claims . . . . .	659,680
Policy Proceeds and Other Amounts Left with the Company at Interest . . . . .	3,787,919
Provision for Policyholder Dividends Payable in 1966 . . . . .	835,000
Taxes, Expenses and Accounts Due and Accrued . . . . .	72,582
Borrowed Money for Reinvestment . . . . .	503,390
Mortgagors' Tax Prepayments, Unallocated Remittances and Other Liabilities . . . . .	602,543
Investment Reserve . . . . .	1,200,000
Unassigned Surplus, December 31, 1964 . . . . .	\$2,343,640
Increase in Unassigned Surplus . . . . .	336,949
<b>Unassigned Surplus, December 31, 1965 . . . . .</b>	<b>2,680,589</b>
<b>TOTAL LIABILITIES . . . . .</b>	<b>\$55,128,651</b>

H. E. POWER, Managing Director

### REPORT

As at December 31, 1965, and the statement of summary of operations for the year ended 1965, the accompanying balance sheet and the related statement of summary of operations for the year ended on that date. The aggregate in excess of the values at which bonds and stocks are carried in these accounts.

CLARKSON, GORDON & CO.,  
Chartered Accountants

## ACTUARY'S CERTIFICATE

The Insurance and Annuity Reserves of \$44,786,948 shown in the balance sheet at December 31, 1965, are in excess of the reserves required by Section 82 of the Canadian and British Insurance Companies Act, and, in my opinion, make a good and sufficient provision for all unmatured obligations of the Company guaranteed under the terms of its policies.

T. R. SUTTIE, F.I.A., F.C.I.A.,  
Actuary

February 7, 1966

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The unique feature of a life insurance or annuity policy is that it *guarantees* payments of amounts stipulated in the contract, even when for an individual the time of occurrence of the event insured against is unpredictable. Thus a policyholder *knows* that in event of his death, his beneficiary will receive a stated amount of money even though he cannot know *when* his death will occur.

What makes it possible for a life insurance company to give this guarantee in advance is the reserve system. Beginning with the first year of a policy, and yearly thereafter, the Company sets up actuarially determined reserves which take into account the mortality among policyholders. This is similar to setting up a sinking fund to meet future obligations as they occur.

The provision of policy reserves is not guesswork. It must be done on the basis of experience tables authorized under the Canadian and British Insurance Companies Act. When therefore the Actuary certifies that our policyholder reserves are in excess of the minimum requirements of the Act, it means that the Company has set up ample policy reserves to make doubly sure that future obligations to policyholders will be met. And if from year to year we find that the Company's mortality experience is lower than provided for in the reserves, the savings are shared as components of dividends payable to participating policyholders. In this way the mutual principle guarantees security and at the same time provides for the sharing of profits.



## BUSINESS STATEMENT

In 1965 new business sales increased by 9%.

Business in force gained \$127,687,782 or 25%. The gain arose in part from new sales and in part from increases under existing Group policies.

### NEW BUSINESS

	1965	1964
Ordinary . . . .	\$ 34,541,893	\$ 33,006,477
Group Life . . . .	15,147,759	12,115,576
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Total Life . . . .	\$ 49,689,652	\$ 45,122,053
Annuity . . . .	687,365	609,183
Group Annuity . . . .	2,368,272	2,489,803
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Total Annuity . . . .	\$ 3,055,637	\$ 3,098,986
Total Life and Annuity	\$ 52,745,289	\$ 48,221,039

### BUSINESS IN FORCE

Ordinary . . . .	\$253,514,329	\$237,299,784
Group Life . . . .	334,275,229	226,215,895
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Total Life . . . .	\$587,789,558	\$463,515,679
Annuity . . . .	9,035,605	8,822,621
Group Annuity . . . .	31,235,204	28,034,285
	<hr/>	<hr/>
Total Annuity . . . .	\$ 40,270,809	\$ 36,856,906
Total Life and Annuity	\$628,060,367	\$500,372,585

The Company wrote a small amount of Health insurance during its first decade. It re-entered the Health field in 1959, the Annual Report for that year showing premiums of \$2,326. By 1964 Health insurance premium income grew to \$191,538, increased in 1965 to \$473,439.

## ASSET DISTRIBUTION

There was little change in the asset distribution percentages in 1965, except that the proportion of National Housing Act mortgages was reduced somewhat and of conventional mortgages increased correspondingly. Mortgages constitute 62.39% of the Company's portfolio.

Bonds:	Per Cent of Total
Canada (and Guarantee) . . . . .	5.86%
Provinces of Canada (and Guarantee) . . . . .	9.96
Canadian Municipalities and Schools . . . . .	1.76
Industrial, Utility and Miscellaneous . . . . .	13.05
	30.63%
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Preferred and Common Stocks . . . . .	.96
National Housing Act Mortgages . . . . .	19.93
Other Mortgages and Sale Agreements . . . . .	42.46
Real Estate . . . . .	.28
Loans on Policies . . . . .	4.19
Cash on Hand and in Banks . . . . .	.28
Premiums in Course of Collection . . . . .	.41
Interest Due and Accrued . . . . .	.78
Other Assets . . . . .	.08
	<hr/>
	100.00%

The Equitable investment portfolio is composed of high-grade securities, in keeping with the life insurance principle of providing guaranteed security. At the same time the Company has succeeded in combining security with good yield, as evidenced by the 1966 interest rate of 5.88% net, after payment of investment expenses.



## 10 YEAR GROWTH

	1965	1955
Assets . . . . .	\$ 55,128,651	\$ 30,479,361
Insurance and Annuity Reserves . . . . .	44,786,948	24,742,688
Premium Income . . . . .	7,142,023	3,542,967
Investment Income . . . . .	2,964,582	1,325,192
Total Income . . . . .	10,292,330	4,930,092
Payments to Policyholders and Beneficiaries . . . . .	4,351,154	1,701,688
Investment Reserve . . . . .	1,200,000	1,150,000
Unassigned Surplus . . . . .	2,680,589	1,242,344
New Business * . . . . .	52,745,289	19,031,570
Business in Force * . . . . .	628,060,367	121,806,366

\* Includes Annuities and Group. \$1,200 is counted as the insurance equivalent for each \$100 of annual annuity payable.

The following table shows the years when successive \$100 millions of business in force were obtained.

Year	Business in Force
1920 . . . . .	Began business
1953 . . . . .	\$107,535,562
1960 . . . . .	217,886,088
1962 . . . . .	337,737,279
1963 . . . . .	409,320,159
1964 . . . . .	500,372,585
1965 . . . . .	628,060,367

## EQUITABLE LIFE BRANCH OFFICES

Branch	Manager	Branch	Manager
<b>ALBERTA</b>		<b>OSHAWA</b>	M. G. Sowten, C.L.U.
<b>CALGARY</b>	H. G. Wood	<b>OTTAWA</b>	L. W. Butler, C.L.U.
<b>EDMONTON</b>	P. G. Stewart, C.L.U.	<b>ST. CATHARINES</b>	P. W. Engs, C.L.U.
<b>BRITISH COLUMBIA</b>		<b>SAULT STE. MARIE</b>	J. D. Macfarlane, C.L.U.
<b>VANCOUVER</b>		<b>TORONTO</b>	
779 W. Broadway	J. Fisher, C.L.U.	Yorkdale Shopping Centre	E. L. Bonisch
1033 Davie St.	A. Neufeld, C.L.U.	2489 Bloor W.	F. Olsen
<b>VICTORIA</b>	E. A. Fordham	55 Eglinton E.	
<b>MANITOBA</b>		1077 Queen Elizabeth Way	R. R. Halpenny
<b>WINNIPEG</b>	H. V. Williams, C.L.U.	<b>WATERLOO</b>	E. F. Goman, C.L.U.
<b>ONTARIO</b>		<b>WINDSOR</b>	W. H. Green
<b>GUELPH</b>	H. T. Brown	<b>QUEBEC</b>	
<b>HAMILTON</b>	E. K. Inglis	<b>MONTREAL</b>	
<b>KINGSTON</b>	C. J. Doyle, C.L.U. Representative	4920 Western	S. P. Winton
<b>KITCHENER</b>	G. Rennie, C.L.U.	4920 Western	W. Frager
<b>LONDON</b>	D. G. McEwan, C.L.U.	<b>SASKATCHEWAN</b>	
		<b>REGINA</b>	W. J. Anderson
		<b>SASKATOON</b>	W. H. Arscott, C.L.U.

## MORTGAGE LOAN OFFICES

City and District	Manager
<b>HAMILTON</b> . . .	L. W. Wilmshurst
<b>LONDON</b> . . .	A. E. Elmslie
<b>OTTAWA</b> . . .	R. W. Hill
<b>TORONTO</b> . . .	W. Kompa, S.R.A.
<b>WATERLOO</b> . . .	R. Noble, A.A.C.I.